

UNITED STATES DEPARTMENT OF AGRICULTURE  
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THE COTTON SITUATION  
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Summary



Downward revisions of the estimates of both domestic and foreign production during the past month reduced the indicated 1938-39 total world supply of commercial cotton by 400,000 bales, or less than 1 percent. The indicated world supply is still the largest in history, reports the Bureau of Agricultural Economics, although only slightly above that of last season. In addition to the recent reduction in the indicated total supply, the supply of cotton readily available in regular marketing channels was further reduced during the 5 weeks ended December 15 by an increase of 1,025,000 bales in the reported stocks of cotton pledged against Government loans in this country.

Despite the reductions in cotton supplies, domestic prices of spot cotton in the first part of December declined to the lowest point since early October. On December 9 they were nearly one-half cent below the high for the season to date reached on November 14. The average of approximately 8-2/5 cents for Middling 7/8 inch in the 10 designated markets in the first 23 days of December, however, was somewhat higher than a year earlier.

The slight weakness in domestic cotton prices in the first part of December appears to have been due to developments with respect to demand. While domestic mill consumption in November was nearly one-fourth larger than in November 1937 and the largest with one exception for the month since 1928, this was perhaps about in line with expectations based on reports in November. Sales of cotton textiles by domestic manufacturers during November and early December were probably somewhat less than output. Trade reports indicate that some types of

manufacturers accumulated considerable stocks of unsold goods during this period and have recently reduced activity somewhat. Nevertheless, it is generally expected that domestic mill consumption will continue at a rate much higher than a year earlier during the remainder of the season.

Demand conditions in foreign countries during recent weeks probably have been somewhat less favorable than had previously been anticipated. In general, manufacturers' sales of cotton goods during the past month were probably below the restricted output. Cotton mill consumption in foreign countries in November and early December probably continued at a rate lower than a year earlier. It is quite likely, however, that consumption was not so much below a year earlier during this period as during the first quarter of the season when mill consumption is estimated to have been 8 percent less than in the first quarter of the 1937-38 season.

Foreign consumption of American cotton in November continued exceptionally low but also may have made a more favorable comparison with last season than in the 3 preceding months. From August through October foreign mills are estimated to have consumed nearly one-fifth less American cotton than the comparatively small quantity consumed in the first 3 months of the 1937-38 season. Foreign consumption of American cotton so far this season has made a much more favorable showing compared with a year earlier than have exports, which through December 20 were two-fifths less than from August 1 through December 20 last season.

Despite the recent downward revision in the estimated 1938-39 production of American and foreign cotton, it still seems likely that world production will materially exceed the 1938-39 world consumption. This seems especially likely in the case of American cotton. Consequently, the world carry-over of American and, in turn, all cotton on August 1, 1939, is expected to be even larger than the record high carry-over on August 1, 1938.

## PRICES

From the latter part of October to the end of November the daily price of Middling 7/8 inch cotton in the 10 markets ranged between 8.57 and 8.75 cents per pound. During this period the change in prices from day to day was unusually small. On December 2 and 3, however, a net decline of 28 points reduced the average price in these markets to 8.33 cents. This price was the lowest in 2 months and 42 points below the high for the season to date reached on November 14. From December 3 to December 23, the average price in these markets fluctuated between 8.30 and 8.56 cents. In December 1937 the average price in these markets was 8.16 cents.

During the past few weeks the price of American Middling 7/8 inch at Liverpool has shown a very marked increase relative to Egyptian Uppers. On December 16 the price of Egyptian Uppers averaged only 118 percent of the price of American Middling 7/8 inch cotton, whereas in September the ratio averaged 128. The 10-year average ratio is about 118. American cotton prices in Liverpool have continued relatively high in relation to Indian and Brazilian during the past few weeks.

Cotton, spot price per pound, specified growths at Liverpool, specified periods

Season, month or day	American		Indian		Egyptian		Brazilian	
	:		:		:		:	
	:		Av. 3 types 1/		F.G.F. Uppers		Fair, Sao Paulo	
	Mid-	Low	As a per-		As a per-		As a per-	
	dling:	Mid-	centage of:		centage of:		centage of:	
	7/8	dling:	Actual:	American	Actual:	Amer. Mid.	Actual:	Amer. Mid.
	inch	:	:	2/	:	:	:	:
	Cents	Cents	Cents	Percent	Cents	Percent	Cents	Percent
10-yr. 1927-28:								
to 1936-37 av.	14.50	13.60	10.88	78.3	17.12	117.9	14.08	97.7
1936-37	14.62	13.16	11.07	79.8	17.40	119.0	14.12	96.6
1937-38	10.31	8.78	8.02	83.9	13.10	126.7	10.18	98.7
1938-39								
Aug.	9.76	8.44	7.38	81.0	12.30	126.0	9.46	96.9
Sept.	9.59	8.29	7.07	79.1	12.27	128.0	9.27	96.7
Oct.	10.25	8.96	7.22	75.0	13.03	127.1	9.78	95.3
Nov.	10.04	8.81	7.28	77.3	12.63	125.8	9.63	95.9
Dec. 2	10.02	8.55	7.06	76.1	12.28	122.6	9.53	95.1
Dec. 9	9.67	8.21	6.91	77.3	11.77	121.7	9.18	94.9
Dec. 16	10.04	8.58	7.14	76.7	11.89	118.4	9.55	95.1

Compiled from reports of the Liverpool Cotton Association except for the last week which came by cable and from the December 17 report of the New York Cotton Exchange. Prices were reported in pence and were converted at current rate of exchange.

1/ Includes Fully Good Broach, Fine Oomra #1 and Fully Good Sind.

2/ Average of American Middling and Low Middling.



## EXPORTS

Exports of American reaches lowest level in two decades

Exports of American cotton in November totaled 481,000 running bales or 40 percent less than a year earlier and were the smallest for the month since 1919-20, according to reports of the Bureau of Foreign and Domestic Commerce. For the 4 months August through November exports totaled 1,535,000 bales and were 900,000 bales or 37 percent below those of the corresponding months last season. As compared with the 10-year average, 1927-36, exports during the first 4 months of the current season showed a decline of 48 percent, and were the smallest for the period in 21 years. According to trade reports, exports during the first 20 days of December were approximately 47 percent below those of the corresponding period last year. From August 1 through December 20 exports were two-fifths less than in the corresponding period last season.

With the exception of Japan, exports to most of the important foreign consumers have been much smaller than during the same period last season and greatly below average. Exports to Japan so far this season, however, have been something like three and one-half times as large as the exceptionally small exports a year earlier. The favorable comparison with last season is due entirely to the fact that Japanese takings were exceptionally low during the first part of the 1937-38 season as compared with the average for the 10 years ended 1936-37. Japan's takings during the first 4 months of the current season showed a decline, as compared with a year earlier, of 51 percent.

It is still expected that United States exports of cotton during the latter part of this season will make a somewhat more favorable showing in comparison with a year earlier than has been true so far this season.

## DEMAND AND CONSUMPTION

UNITED STATES: Domestic consumption now running well above last year

Domestic mill consumption of raw cotton totaled 596,000 running bales in November, 23 percent larger than a year earlier and the largest with the exception of November 1936 since 1928. The total of 2,235,000 bales from August through November was slightly larger than in the corresponding period last year and, with the exception of 1936, the largest for the period since 1929.

According to trade reports, domestic manufacturers' sales of cotton goods have apparently run below production for the past few weeks. Some types of mills are reported as having accumulated rather large unsold stocks and to have reduced mill activity during the early part of December. The annual rate of consumption during the first 4 months of the current season was about one-sixth above the 5,748,000 bales consumed during the 1937-38 season. While consumption during the remainder of the season probably will average much higher relative to a year earlier than during the first 4 months of the season, this could easily occur and yet have the annual rate of consumption average somewhat lower than during the period from August through November.

FOREIGN CONSUMPTION: Foreign mills less active than last season

In foreign countries generally, cotton mill activity in November and early December was probably somewhat lower than a year earlier. But it is quite possible that consumption was higher relative to a year earlier than during the first quarter of the season when cotton mill consumption outside the United States was, according to estimates of the New York Cotton Exchange Service, 8 percent less than in the first 3 months of 1937-38. Reports from foreign mill centers indicate that, on the whole, manufacturers' sales of cotton goods in the past month were probably below the restricted production. Nevertheless, it is expected that mill consumption during the latter part of the season will average higher relative to a year earlier than during the first part of the season. This would be true if the monthly rate established during the first quarter of the season were maintained. Such a rate would, however, result in a smaller total for the season than was consumed last season. Foreign mill consumption of American cotton from August through October this season was 269,000 bales or 19 percent less than in the first quarter of last season.

EUROPE: 1/ Cotton mill activity continues at greatly restricted level

Developments in the European cotton demand situation during November were, in general, not very encouraging. Political uncertainties in various quarters continued to inspire caution and the improvement in the textile trades which seemed to be under way in October, notably in England and France, was hardly maintained. In early December, however, improvement in France was again reported. In general, it appears that in the countries where exchange remains free, the price situation and the difficulty of obtaining war risk insurance on warehoused cotton contributed to bring about reduced imports of raw cotton. This situation along with the restricted cotton mill activity and the high prices of spot American cotton relative to prices of futures contracts and relative to foreign cottons largely explains the small imports of American cotton by European countries so far this season.

United Kingdom

The improvement which appeared in the British textile trade in October was scarcely maintained through November and early December. Although manufacturers enjoyed fairly good business for the home market and in goods required by the government, the export demand through most of November and early December was greatly below average. Though some manufacturers made further price concessions, sales of cotton textiles are said to have been considerably below output.

Weaving activity, according to unofficial estimates, continued at about 60 to 65 percent of normal, and trade reports indicate that unless sales soon pick up activity will be restricted still further. Spinning activity held at

1/ Based largely on reports prepared by Agricultural Commissioner Arthur W. Palmer, London, England, and Agricultural Attache Lloyd V. Steere, Berlin, Germany.



about 70 percent of single shift capacity in November but sales of yarn were also slow with most sales restricted to small quantities. Doubt as to the future of the remaining voluntary agreements for the maintenance of price margins is stated to be a factor tending to retard yarn purchases, and much of November's new business in yarns is said to have been booked by firms outside the agreements. At one time in the month, reports were current that Egyptian yarns of Czechoslovak manufacture, rendered surplus by the dislocation of business in that country, were being offered in Manchester at as much as sixpence a pound under Lancashire spinners' prices. With successively lower prices of the various futures contracts maturing through the remaining months of this and the early months of next season, a disposition to avoid the accumulation of inventories of raw cotton as well as of cotton textiles and, where possible, to reduce them, seems to be general.

Relative to general demand conditions, the October index of business activity in the United Kingdom (index of the London Economist), while 9 points below October 1937, was about 2 points above the figures of May and July. The index of employment for October showed no material change from previous months. It is expected that general business activity and employment in November were both well maintained compared with October.

In the export field, yarn exports of 11.5 million pounds in October were greater than in any other month of 1938 except March. They were about 8 percent larger than in December 1937 and nearly 37 percent above those of June though more than 11 percent below the figure in October 1937. On the other hand, piece goods exports, which account for a consumption of raw cotton roughly three times that of yarn exports, showed no gain in October over September and were about 25 percent below exports of September 1937. The cheapening of the pound sterling which from the end of June to December 20 amounted to roughly 6 percent may have delayed purchases of cotton textiles by foreign buyers. But the lower value of the pound sterling, particularly if stabilized, should tend to stimulate exports. The new trade agreements which go into effect on January 1, 1939, may also prove favorable to cotton textile exports.

Arrivals of American cotton so far this season continued to lag behind those of last season, the 187,500 bales received to November 24 being but 33.5 percent of imports to the corresponding date last year; while the 55,000 bales at sea were only 26 percent of the quantity afloat for British ports a year earlier. Imports of cotton of all kinds for the season to November 24 were about 70 percent as large as those of last season to this time. But British port stocks of all kinds of cotton on November 25 were reported at 1,088,400 bales, equal, at current rates of consumption, to possibly 5 months' requirements, with allowance for a minimum necessary residue.

#### France

In France indications are that the improvement in the demand for textiles in October continued well into November. Although the volume of business may have been somewhat less than had been expected, it was sufficient to afford somewhat better margins to spinners. By the middle of the month, many spinners and manufacturers had booked orders for their entire production through

March of 1939. The situation was thought to be further strengthened somewhat by the fact that some of the larger metropolitan retail establishments apparently have delayed beyond the usual time a part of their seasonal purchases, and by the prospects of a fairly good export trade in December and January when buyers for the colonies are usually most active. French manufacturers, moreover, because of their considerable takings of Egyptian raw cotton, most of which enters at Marseilles, are in a position, under the new proportional import quota arrangements to increase their present small share of Egypt's textile imports to about 13 percent of the Egyptian total.

In early November, activity may have been stimulated somewhat by the expectation of the publication of the decree laws for the public safety under the plenary powers granted the government at the beginning of October. That these measures, whatever their substance, would quite surely have far-reaching effects both upon costs of production and upon purchasing power of consumers, seems to have been taken for granted. The decrees effective November 15 were published November 14 as the first installment of a 3-year plan of national rehabilitation.

Some slowing down of trading activity is reported to have followed the announcement of the decree because of the uncertainties as to its effects. Later in the month the prospective general labor strike was unfavorable to new orders. An improvement in the French cotton textile situation is said to have occurred following the collapse of the general strike on November 30.

#### Germany

Late November reports on the German cotton textile industry indicate that production in both the spinning and weaving branches continues to be limited only by the restricted supplies of raw material and to some extent by shortage of skilled textile workers.

Export demand for German textiles appears to have been fairly well maintained during the third quarter of 1938, notwithstanding the crisis in September and the continuing recession in demand from the Far East incident to the Sino-Japanese conflict. Business in knit goods appears to have been particularly well maintained up to the end of September.

Activity in the German textile industry as a whole in the past 2 or 3 months entered a seasonally more active period which was reflected this year more than in the past in increased working time rather than the employment of more workers. The textile industry, like all other German industries, is confronted with an increasingly serious problem in obtaining not only new workers, but ordinary replacement of workers leaving for one reason or another. In November many plants were said to have been operating 56 hours and some even more hours per week. Even longer hours seem likely to be the rule during the months ahead, provided the necessary raw material can be obtained.

#### Switzerland

Late November reports from Switzerland indicate a definite improvement in retail demand for textiles, perhaps largely a result of the restocking of retail shelves after a period of noticeable restraint in retail buying incident to the autumn crisis. A certain amount of seasonal improvement in export demand for cotton goods, particularly in prints, is also reported, but Swiss cotton cloth mills are generally not very optimistic about the export outlook. An important factor in this pessimism is the prospect of further curtailment in the trade with Germany, as a result of the steady decline in Swiss imports from Germany, which will, sooner or later, bring an automatic curtailment of German purchases under the clearing agreement.

#### Sweden

A report of November 25 from Stockholm carries information pointing to the recent appreciable pick-up in Swedish imports of nearly all classes of textiles and textile materials. Imports of raw cotton in October totaled 2,070 tons (equivalent to 9,547 bales of 478 pounds) as compared with 1,531 tons (equivalent to 7,061 bales of 478 pounds) in October of last year. Increases are also indicated in takings of both yarn and piece goods. This report interprets these figures as pointing to an improvement in activity in the Swedish textile industry as well as some building up of stocks in the hands of the textile distributing trade. While seasonal factors are credited in part for this development, it is also reliably indicated that it is in part due to a rather general effort now being made in Sweden, with at least Government encouragement if not assistance, to enhance supplies of various essential products.

#### Poland

A new barter agreement now exists between Poland and Iran (Persia) by the terms of which Poland will purchase 13,000 metric tons (59,958 bales of 478 pounds) of Iranian cotton. Formerly this contingent was taken by the Soviet Union but Iran has now discontinued its agreement with the U.S.S.R. Polish industrial goods, iron, textiles, etc., will be taken by Iran, through a clearing agreement, in payment for cotton shipments.

The Polish Ministry of Industry and Commerce promulgated an order in July obliging cotton yarn spinning mills to use an admixture of "kotonine" <sup>2/</sup> at the rate of approximately 200 tons per month (922 bales of 478 pounds) beginning August 1, 1938. It is believed that the quota for 1939 will be increased to a fixed quantity as high as 400 tons each month.

<sup>2/</sup> A new term, meaning, it is assumed, staple fiber.



Czechoslovakia

No clear picture of the cotton situation in Czechoslovakia has been obtained for November owing to the uncertainties which have prevailed through most of the month in the affairs of the country. Internally the major preoccupation necessarily has been with the reconstitution of the republic and the restoration of normal economic activity in the new state. Not until after the middle of the month were the frontiers finally defined and only at the end of the month was it possible to elect a president.

The procurement of raw cotton, however, has been considerably facilitated by the reestablishment of traffic arrangements with the railways of adjacent countries, and a provisional customs-union with the Sudetan areas has been of measurable assistance to a continuance of activity. Although export business of cotton yarn and goods has been unsettled, a fairly satisfactory home market trade in cotton goods has been reported.

The ultimate future of the cotton industry is apparently not yet determined. It appears now that Czechoslovakia retains some of its more modern cotton mills, and that of mills of the old republic accustomed to use either Egyptian or Indian cottons, the greater part is in the ceded territories. Thus notwithstanding the loss of approximately one-half of the spindles formerly included in the country's total, the proportion of the spindles using American or similar types may not have been reduced more than about 40 percent. The task of finding the necessary dollar exchange with which to purchase raw cotton, however, is intensified by the almost complete loss of the country's former hosiery industry, which had been accustomed to do a large scale export business with the United States and the United Kingdom. The solution of this particular problem depends upon the success with which, under the new regime, it may be possible to stimulate exports in other lines.

Italy 3/

Reports indicate improvement during October in the situation of the Italian cotton trade and industry, but the general feeling seemed to be that developments were not up to expectations entertained earlier during the year. Furthermore, the situation in November appears to have been considerably less favorable. Both domestic and foreign trade in cotton goods were slow during most of November. New regulations, it is reported, may make it easier for manufacturers of domestic textiles to obtain necessary supplies of raw cotton at lower prices than they formerly paid, but other regulations require such a mixture of higher priced artificial fibers as to largely offset the reduction in the price of cotton.

3/ Based in part upon information received from the American Consul General at Milan.

Stocks of cotton and textiles produced from high-priced fibers with which the Italian market is reported to have been overloaded during the greater part of the year appear to have been reduced considerably during the late summer and early fall. While this is favorable to increased replacement orders, salesmen more recently faced the necessity of forcing upon a reluctant public only textiles made of mixtures of raw cotton and artificial fibers and other cotton substitutes. This may, at least in part, account for the restricted sales of cotton goods during November.

The hand-to-mouth buying of raw cotton by Italian manufacturers is evidence of the uncertainty which exists regarding the sales possibilities for Italian cotton products in the immediate future. October and November deliveries on all contracts for raw cotton are reported as having been made at a slightly lower rate than during the earlier months of the year. The rate of importation of raw cotton was believed to be sufficient for the present rate of production, although stocks are reported as having declined somewhat in recent months. Dealers appear to expect no material improvement in imports during the next few months in the absence of a substantial change in the outlook for the sale of cotton goods both at home and abroad.

Foreign markets for Italian cotton goods have declined and some of them which have recently absorbed large quantities of Italian goods appeared unlikely to improve. It is difficult to see where other markets are to be found to replace these although some gains are reported to a few areas.

New regulations have recently been issued concerning the distribution of foreign exchange to Italian exporters of cotton goods. They provide that the Cotton Institute (Istituto Cotoniero) of Milan shall have authority to distribute 75 percent of the total amount of foreign exchange received from the sale abroad of Italian cotton goods, as has been done during the past year and more; but the amounts which the exporters of these goods will be given by the Foreign Exchange Institute will vary according to the value of the raw cotton contained in the goods exported. Prior to this, exporters were given the full 75 percent of the value of the exported goods, irrespective of the value of the cotton contained therein. But hereafter the amount which they will receive will depend upon the value of the raw cotton contained in the exported goods. For example, under the new regulations exporters of low grade cotton yarns, in which raw cotton represents a large percentage of the value of the yarns will receive a larger percentage of the sales' prices of the yarns in foreign exchange than will exporters of fine, high-priced yarns. However, the difference between the total receipts in foreign exchange from the sale of exported cotton goods controlled by the Cotton Institute and that portion thereof which is actually distributed to the exporters will be distributed periodically to all

Italian manufacturers of cotton goods whether for domestic or foreign trade. The distribution of this "difference" will be in accordance with the size of business or number of spindles in the factories, or upon some similar basis. During the past year no provision has been made whereby manufacturers of cotton goods solely for the domestic trade could legally obtain foreign exchange with which to import raw cotton.

#### Portugal

According to advices received in London, an embargo has been placed upon the importation of raw cotton except that originating in the Portuguese colonies, where production this year is expected to be some 20,000 metric tons, equal to a little more than 90,000 American bales. Total consumption of cotton of all kinds in Portugal in actual bales, regardless of weight, is reported by the International Cotton Federation for the years ended July 31, to be 88,000 bales in 1938, 84,000 in 1937, and 76,000 in 1936. Some part of the increase of consumption in the 2 years may be attributed to increased yarn exports to those areas of Spain cut off by civil strife from the mills of Catalonia. The Government is reported to have guaranteed growers fixed prices above the world levels, and it is intended by the restriction of competitive imports to accomplish, insofar as possible, the consumption of the colonial production in Portuguese mills.

#### U. S. S. R.

A further increase in the cotton mill equipment of the U. S. S. R. has been announced by the trade delegation of that country in the United Kingdom. Plans call for the installation of new spindles to the number of 504,000 in the current year, as compared with 90,000 in 1937. The number of spindles in Russia on July 31, 1938, was estimated by the International Cotton Federation at 10,050,000, and the increase, when accomplished, would give the country a total slightly in excess of the German total before the Austrian ausschluss. It is planned to develop further the textile industry in the Ukraine, one of the new cotton regions, where cotton production is reported to have increased from 9,300 tons (roughly equivalent to 43,000 American bales) a comparatively few years ago to some 30,000 tons (equal to about 138,000 bales) in 1937.



ORIENT: 4/ Cotton consumption exceptionally high in India,  
unusually low in China and Japan

Mill consumption of Indian cotton in India during November is tentatively estimated at 192,000 bales of approximately 478 pounds, according to the New York Cotton Exchange Service. This is about 3 percent larger than a year earlier and the largest for the month of November in history. It was, however, smaller than either of the 3 preceding months and 11 percent smaller than the record high reached in August. The estimated 820,000 equivalent bales of 478 pounds consumed during the first 4 months of the current season was about 8 percent larger than in the corresponding period last season and much larger than in any other like period. It seems quite likely that mill consumption in India during the remainder of the season will not continue as much above a year earlier as during the first 4 months of the season. But if consumption continues at the November rate or even at a considerably lower rate, the total for the year ending July 31, 1939, will exceed last season's record mill consumption of all cotton which is estimated at 2,867,000 bales.

The limited information available indicates that in November cotton consumption by Japanese mills continued at a rate about the same as in the first 3 months of the season. If so, mill consumption in November was at least one-third less than in November last year or the year before and the smallest for the month for several years. For the 4 months ended November, consumption by Japanese mills appears to have totaled a little less than two-thirds as large as the record high consumption during those months last season. While consumption declined considerably during the last part of last season, a continuation of the rate of consumption existing so far this season would result in a total for the year ending July 1939 at least one-fourth less than the 3,881,000 bales (approximately 478 pounds) consumed by mills in Japan last season.

With some decline in raw cotton, prices at Shanghai in November, yarn prices continued unusually high relative to raw cotton, giving manufacturers a good margin of profit. Consequently, more mills were opening or preparing to open and mill consumption showed some increase over the months immediately preceding. For November, mill consumption in China, including Manchuria, is estimated at about 145,000 bales, equivalent bales of 478 pounds net, compared with 135,000 to 140,000 bales in the preceding months of the current season. As compared with the unusually low rate of mill activity a year earlier, Chinese cotton mill activity has shown a marked increase so far this season. The annual rate of mill consumption in the first 4 months of the season probably averaged two to three times as high as from August to November last season when mill consumption was at an exceptionally low level. Because of the increased rate of consumption during the last part of last season, the present annual rate of consumption

4/ Based largely upon a radiogram from the Bureau's Shanghai office,  
including information furnished that office by American Consul Mc Conaughy at Osaka, Japan.

is perhaps less than two-fifths greater than the estimated actual total mill consumption in 1937-38 of 1,230,000 bales. The November annual rate of consumption was perhaps at least 1 million bales less than the estimated actual consumption in 1936-37 and the smallest with the exception of 1937-38 in more than a decade. It is not unlikely that the rate of mill consumption will increase still further in the months immediately ahead, but not by the same extent as during the corresponding period last season.

#### SUPPLY, PRODUCTION, AND ACREAGE :

SUPPLY OF COMMERCIAL COTTON: Indicated world supply still  
record high

The comparatively small reduction in the December estimate of the United States crop, together with a slightly (1-1/2 percent) downward revision in the estimated reduction of commercial production in foreign countries, has reduced the estimated 1938-39 world supply of commercial cotton 400,000 bales or a little less than 1 percent during the past month. The total world supply of commercial cotton, recently estimated by the New York Cotton Exchange Service at 50,462,000 bales, is still larger than in any previous season. While it is only 100,000 bales larger than that of 1937-38, it is one-fourth larger than the average for the preceding 10 years.

The present estimate of the world supply of American cotton for the 1938-39 season is 25,502,000 running bales. This compares with an estimated supply of 24,647,000 bales last season and the 10-year average of 21,560,000 bales. The current season's supply is the result of a comparatively small domestic crop and a carry-over of American cotton at the beginning of the season considerably larger than in any previous season.

The recent downward revision in the estimated commercial production of foreign cotton gives an indicated world supply of such cotton somewhat smaller than in either of the two preceding seasons. The present estimate of 24,960,000 bales, however, is 36 percent larger than the 10-year 1927-28 - 1936-37 average. Foreign production of commercial cotton is now estimated as considerably smaller than that of either of the two preceding seasons, but the third largest in history, and more than one-fourth larger than the 10-year average. This year is the first year since 1931 that foreign production of commercial cotton has shown any appreciable decline.

COTTON ACREAGE: 1938-39 world and foreign acreage reduced

Now that the Indian Government's estimate of acreage planted to cotton in India up to December 1 (which on the average constitutes more than 90 percent of the total Indian cotton acreage) has been received, a preliminary estimate of the 1938-39 foreign and world cotton acreage is now being released. The total world acreage is placed at approximately 75,500,000 acres compared with 93,400,000 acres in the 1937-38 season. The present estimate for the current season is the smallest world estimate since 1934-35, although only slightly smaller than that of 1935-36. About half of the decline of 17,900,000 acres in the world total is accounted for by a reduction in the United States of 8,650,000 acres, the present

estimate of the 1938-39 acreage in foreign countries is approximately 50,100,000 acres. This is 16 percent smaller than the record acreage of last season, now estimated at 59,400,000 acres, and the smallest in 4 years.

Much of the decline in the 1938-39 acreage outside the United States as compared with the preceding season is accounted for to a considerable extent by the marked reduction in China. However, the estimated acreage in foreign countries, excluding China and Russia, shows a decline of about 5-1/2 million acres, or 12 percent.

These estimates together with revised estimates for earlier years back to 1920-21 are included in the following table.

Cotton: Acreage in specified areas, 1920-21 to 1938-39

Crop year	Foreign countries			World	
	United	Total excluding:		Total excluding:	
	States	China and	Total	China and	Total
	:	Russia	:	Russia	:
	1,000	1,000	1,000	1,000	1,000
	<u>acres</u>	<u>acres</u>	<u>acres</u>	<u>acres</u>	<u>acres</u>
1920-21	34,408	26,274	32,092	60,682	66,500
1921-22	23,678	23,192	29,322	51,870	58,000
1922-23	31,361	27,861	33,539	59,222	64,900
1923-24	35,550	30,348	36,300	65,898	71,850
1924-25	39,501	34,914	41,199	74,415	80,700
1925-26	44,386	36,850	43,314	81,236	87,700
1926-27	44,608	32,811	39,942	77,419	84,550
1927-28	30,342	31,777	39,758	70,119	78,100
1928-29	42,434	35,115	42,866	77,549	85,300
1929-30	43,232	34,596	43,168	77,828	86,400
1930-31	42,444	33,027	43,006	75,471	85,450
1931-32	38,704	32,497	43,396	71,201	82,100
1932-33	35,891	30,470	42,609	66,361	78,500
1933-34	29,383	34,926	46,717	64,309	76,100
1934-35	26,866	36,769	48,634	63,635	75,500
1935-36	27,640	40,743	51,320	68,383	79,460
1936-37	30,028	41,412	54,882	71,440	84,910
1937-38 1/	34,001	44,936	59,399	78,937	93,400
1938-39 1/	25,346	39,456	50,144	64,802	75,490

United States acreages compiled from reports of the Crop Reporting Board, others estimated very largely from data compiled from official publications of foreign Governments and from the International Institute of Agriculture.

1/ Preliminary.